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SECRETARY, BOARD OF

OIL, GAS & MINING

Karnel Murdock, Petitioner PO Box 353 Ft. Duchesne, Utah 84026 435-823-3094 Work

Shirley Reed, Petitioner Rt. 2 Box 2501 Roosevelt, Utah 84066 801-828-0564 cell 423-722-2665 home

February 9, 2010

Board of Oil, Gas and Mining P.O. Box 145801 Salt Lake City, Utah 84114

Dear Members of the Board,

The undersigned Petitioners hereby request that they, by their Petition, be allowed to join Cause No. 131-27. We make this request due to our mineral interest being within the same undivided tract of the SESE, Section 2, Township 2 South, Range 1 East, U.S.M., Uintah County Utah, we allege to be due unpaid oil revenue from the same 1-2B1E well and our mineral interests are within the same State of Utah established drilling unit as the Petitioners in said Cause.

Karnel Murdock P.O. Box 353 Ft. Duchesne, Utah 84026 435-823-3094 Work Shirley Reed Rt. 2 Box 2501 Roosevelt, Utah 84066 801-828-0564 cell 423-722-2665 home Karnel Murdock, Petitioner PO Box 353 Ft. Duchesne, Utah 84026 435-823-3094 Work

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Dear Members of the Board,

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FILED

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SECRETARY, BOARD OF OIL, GAS & MINING

BEFORE THE BOARD OF OIL, GAS AND MINING DEPARTMENT OF NATURAL RESOURCES IN AND FOR THE STATE OF UTAH

KARNEL MURDOCK and SHIRLEY REED	: REQUEST FOR AGENCY ACTION
PETITIONERS,	DOCKET NO. 2010-014
Vs.	: CAUSE NO
NOTE THE DECIMAL AND GAR DIG. 1	<u>:</u>
MOUNTAIN OIL AND GAS, INC. and	:
HOMELAND GAS AND OIL, LTD.,	ž
RESPONDENTS.	•

Comes now the Petitioners, Karnel Murdock and Shirley Reed, and in support of their Petition, states the following:

- 1) Petitioners are residents of Uintah County, State of Utah. As evidenced by Exhibit A (Oil and Gas Lease), Exhibit B (Patent), Exhibit C (Patent) and Exhibit D (Order of Distribution), Petitioners are owners of oil and gas rights in the SESE, Section 2, Township 2 South, Range 1 East, U.S.M., Uintah County, Utah.
- 2) Respondent Mountain Oil and Gas, Inc., P.O. Box 1574, Roosevelt, Utah 84066 and Respondent, Homeland Gas and Oil, Ltd., P.O. Box 1776, Roosevelt, Utah 84066 operate the well and receive proceeds from the sale of oil produced from the well.
- 3) By order, in Cause No. 131-24 dated January 16, 1974, the Board of Oil, Gas and Mining (Board) established a drilling unit covering said lands consisting of the entire governmental section.
- 4) Located in said Section 2 is a well known as the 1-2B1E, API# 43-047-30931. Said well is, and has been previously, producing oil and gas from the Lower Green River and Wasatch Formations. It is the only well located in the Section.
- 5) The DOGM currently recognizes, and has done so since October 2006, Respondent, Homeland Gas and Oil, LTD. as the Operator of the 1-2B1E well. Revenues from the

- sale of oil from the 1-2B1E well are currently received by Respondent, Mountain Oil and Gas, Inc and/or Homeland Gas and Oil, LTD.
- Petitioners are entitled to a share of the proceeds from the sale of oil produced by the 1-2B1E well as its lands are contained within that drilling unit established by the Board. Said Section contains 650.9 acres. Petitioners each own an undivided 1/11 of 40 acres oil and gas rights.
- 7) To the best of Petitioners' memory Respondent's have never disbursed Petitioners' share of the proceeds from oil sales to Petitioners. Petitioners have requested that Respondents immediately pay the sums owing and have requested the date such sums will be paid. Notwithstanding such requests Respondents have failed to disburse the proceeds from the sale of oil to which Petitioners are entitled and to reply as to what date such proceeds shall be disbursed.
- 8) The non-payment of proceeds by Respondents occurred from April, 2006 to the present, but may not be limited to this time frame as Petitioner cannot find in the public record a document wherein Mountain Oil, Inc. assigned their interest to Homeland Gas and Oil, LTD but rather can only find the documentation wherein operatorship change was requested to the Division of Oil, Gas and Mining (DOGM).
- 9) The failure to disburse proceeds to those owners is, at the very least, a breach of its fiduciary obligations and contractual obligation as operator (approved by DOGM and not as defined by Utah Code Ann. § 40-6-2 (16) (1953, as amended)) of the well and as recipient of the proceeds from the sale of oil.
- Petitioners believes that Respondents failed to escrow such unpaid proceeds as is required by Utah Code Ann. § 40-6-9-3(b)(i) (1953, as amended).

WHEREFORE, Petitioners respectfully request as follows:

- A) Pursuant to Utah Code Ann. § 40-6-9, (1953, as amended), the Board set this matter for an Investigation and Negotiation Conference by the Division in accordance with the rules of the Board of Oil, Gas and Mining ("Board").
- B) If this matter cannot be resolved by the Investigation and Negotiation Conference, the Board set the matter for hearing at a regularly scheduled hearing of the Board of Oil, Gas and Mining.
- C) Following such hearing, the Board enter an Order that:

- 1) Non-payment of proceeds on the above referenced well is intentional with full knowledge and without reasonable justification; and
- 2) A complete accounting be made of the above referenced well, the cost of which shall not be charged to the interest owner in the above-referenced well; and
- 3) Pursuant to the accounting, all proceeds to which the Petitioners are entitled be disbursed within 30 days, and if ordered by the Board, interest at the rate of one and one-half percent (1 ½%) per month from date of delinquency; and a penalty of twenty-five percent (25%) of the delinquent proceeds due and owing the Petitioners; and
- 4) Respondents be required to timely pay all future proceeds from the well in accordance with Utah Code Ann. § 40-6-9 (1953, as amended); and
- 5) Respondents be required to, as applicable, escrow future proceeds from the well in accordance with Utah Code Ann. § 40-6-9 (1953, as amended).

	th	
Dated this	9	day of February, 2010.

Signed

Karnel Murdock, Petitioner PO Box 353 Ft. Duchesne, Utah 84026 435-823-3094 Work

Signed

Shirley Reed, Petitioner

Rt. 2 Box 2501

Roosevelt, Utah 84066

801-828-0564 cell

423-722-2665 home

CERTIFICATE OF SERVICE

Mountain Oil and Gas, Inc. P.O. Box 1574 Roosevelt, Utah 84066

Homeland Gas and Oil, Ltd. P.O. Box 1776 Roosevelt, Utah 84066

igned:						
	Karn	el Mur	dock, Pe	titioner		
		Consent (1	1	

Shirley Reed, Petitione

assignment BK 667 & 255 ASSIGNMENT BK 888 PG 625

EXHIBIT A

PRODUCERS 88-PAID UP Rev. 5-60, No. 2 - 8pt. ENTRY 97080356 BOOK 634 PAGE 220

	OIL AND	GAS LEAS	Ľ	
AGREEMENT, Made and entered into the	3rd	day of May	19.96	, by and between
	, Glen Murdock	and the second s	k his wife, Gary M	urdock and
Shirley Reed, Benny Murdock, Whose post office address is Margaret Murdock	rdock his wife,	June Murdock ne	hereinafter called Lessor (Wi	ether one or more) and
Uintah Oil & Gas, Inc.	whose post office ad-	tress is PO Box 1618	Roosevelt. UT be	reinafter called Lessee:
WITNESSETH, That the Lessor, for and in co	onsideration of One an	d more******	And represented the presented from	ind leaved and let, and
WITNESSETH. That the Lessor, for and in or sash in han' paid, the receipt of which is hereby as by these presents doer grant, demise, lease and let exploring by geophysical and other methods, and or for laying pipe lines, and erection of structures if Uintah	Carlo attendent was no con-	man, was a Proposition	. H . A lab ab absolve alabet for	e the currocke of mining
described as follows, to-wit:				
Township 2 South, Range 1 E. Section 2: SELSEL			ENTRY 9700 Book 634 PAGE 220- 21-JAN-97 SIMM RECORDER, UINTAH COL UINTA OIL AND GAS IN P 0 BOX 1618 ROOSEVE REC BY: SYLENE ACCUT	ONS HTY, UTAH IC
and containing 40.00 acres. It is agreed that this lease shall remain in for from said leased premises or on acreage pooled it this lease, oil or gas is not being produced on the thereon, then this lease shall continue in force so operations shall be considered to be continuously the beginning of operations for the drilling of as should cease from any cause after the primary see (90) days from date of ecsation of production or at or after the expiration of the primary term of the	herewith, or drilling operate e leased premises or on ac long as operations are being prosecuted if not more than absequent well. If after disc	neage pooled therewith but La ng continuously prosecuted or n ninety (90) days shall elapse covery of oil or gas on said la	assee is then engaged in drilling the leased premises or on ocres between the completion or abar and or on acreage pooled therewi	or re-working operations ge pooled therewith; and donment of one well and th, the production thereof operations within ninety
pooled therewith. 2. This is a PAID-UP LEASE. In consideration continues or continue any operations during to rany portion of said land and as to any strata or significant.	on of the down cash payme	nt, Lessor agrees that Lessee s	hall not be obligated, except as o	therwise provided herein.
accruing as to the acreage surremitted.				
oil produced and saved from the leased preu 2nd, To pay Lessor one-eighth (1/8) of the is being used off the premises, and if used in	nises, e gross proceeds each year the manufacture of gasoli	, payable quarterly, for the gi	is from each well where gas only 8), payable monthly at the preva-	is found, while the same ulling market rate for gas.
3rd. To pay Lessor for gas produced from (1/8) of the proceeds, at the mouth of the w 4. Where gas from a well capable of produced covalry acre retained hereunder, such payment or	rell, payable monthly at the ing gas is not sold or used. tender to be made on or b	e prevailing market rate. Lessee may pay or tender as efore the anniversary date of	royalty to the royalty owners O	ne Dollar per year per net expiration of 90 days from
it will be considered that gas is being produced 5. If said Lessor owns a less interest in the al	within the meaning of this bove described land than th	lease. to entire and undivided fee sin	nple estate therein, then the royal	ties (including any shut-in
 Lessee shall have the right to use, rece of c When requested by Lessor, Lessee shall 	bury Lessee's pipe line be	low plow depth.		
No well shall be drilled nearer tailed by Lessee shall pay for damages caused by 10. Lessee shall have the right at any time 11. The rights of Lessor and Lessee hereunde be binding on Lessee until Lessee has been furnish to establish a complete chain of record title from a	Lessee's operations to gro to remove all machinery a er may be assigned in whol and with notice, consisting of Lessor, and then only with	wing crops on said land. nd fixtures placed on said pro e or part. No change in owner of certified copies of all records respect to payments thereafter	emises, including the right to de- ratio of Lessor's interest (by assu- differential of accuments and of made. No other kind of notice,	aw and remove casing. gament or otherwise) shall other information necessary whether actual or construc- erate to enlarge the obliga-
no leasehold owner shall be liable for any act of 12. Lessee, at its option, is hereby given th	or omission of any other le	asehold owner.	a recurring right, either before	or after production, as to
all or any part of the land described herein and as by this lease with other land, lease or leases in it judgment it is necessary or advisable to do so, as units previously formed to include formations no any unit shall be accomplished by Lessee execut Any unit may include land upon which a well he drilling or reworking operations or a well shul production, drilling or reworking operations or a gas royalties. Lessor shall receive on production be that proportion of the unit production that the	ting and filing of record as as theretofore been complet in for want of a market an well shut in for want of a m from the unit so pooled ro	declaration of such unitization ted or upon which operations tywhere on a unit which inclu- tarket under this lease. In lieu yaltses only on the portion of	n or reformation, which declarate for drilling have therefore beet dies all or a part of this lease st of the royalties elsewhere herein such production allocated to this	ion shall describe the unit, in commenced. Production, tall be treated as if it were specified, including shut-in lease; such allocation shall be total number of surface
acres in such timit. In addition to the obegoing, more of the formations thereunder with other is any governmental authority and, from time to the conditions and provisions of this lease shall be development or operation and, particularly, all of and development requirements of such plan of 1.	ands in the same general ar- ime, with like approval, to deemed modified to confor- illing and development requ agreement, and this lease to	ea by entering into a coopera modify, change or terminate m to the terms, conditions, a pirements of this lease, express thall not terminate or expire of	ative or unit plan of developmen any such plan or agreement and not provisions of such approved to rimplied, shall be satisfied by luring the life of such plan or a principle of development or ungra-	t or operation approved by I, in such event, the terms, cooperative or unit plan of compliance with the drilling greement. In the event that ion whereby the production
therefrom is allocated to different portions of in computing the royalities to be paid hereunder to lother tract of land; and the royality payments to be consent to any cooperative or unit plan of develor of Lessee.	Lessor, be regarded as have e made hereunder to Lessor pment or operation adopted	ing been produced from the p shall be based upon production by Lessee and approved by a	articular tract of land to which in only as so allocated. Lessor sharp invertinental agency by execution.	t is allocated and not to any ill formally express Lessor's uting the same upon request distings, and this lease shall
not be terminated, in whole or in part, nor Less result of, any such Law. Order, Rule or Regul 14. Lessor hereby warrants and agrees to for Lessor, by payment, any mortgages, taxes or rights of the holder thereof, and the undersigned homestead in the premises described herein, insoft	see held flable in traininges attion. defend the title to the lands or other liens on the above i Lessors, for themselves a ar as said right of dower and	s herein described, and agree described lands, in the even and their heirs, successors and homestead may in any way aff	s that the Lessee shall have the t of default of payment by Less assigns, hereby surrender and re tet the purposes for which this less thall extend the bindings	right at any time to redeem or and be subrogated to the clease all right of dower and see is made, as rected herein, non all such parties who do
of this lease shall be binding on the heirs, succ IN WITNESS WHEREOF, this instrume	essors and assigns of Less	for and Lessee.	parties and parties and	W-024-2300-74 (5-2010 TM-04-000 (6-20-4-20-8-
16. Wherever the term of				
be amended to read one-size	th (1/6)	,,	\	X
	th (1/6).	x grund	muleur	

EXHIBIT B

The United States of America

Co all to whom these presents shall come, Greetinge

WHEREAS, an Order of the authorized officer of the Eureau of Indian Affairs is now depote the Bureau of Land Management, directing that a fee simple patent issue to the claimant Lula Harris Murdock, in accordance with the provisions of the Act of August (68 Stat. 868), for the following described land.

Uinta Meridian Utak.

T. 2 S. R Wielselsel,

The area described contains 30,00 acres, according to the Official the Survey of the said Land, on file in the Survey of Land Management; he

NOW KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premise HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT, onto the said claimant and to the heirs of the said claimant the Land above described; TO HAVE AND THE HOLD the same, together with all the rights, privileges, miniunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said claimant and to the heirs and assigns of the said claimant forever.

The property herein described shall be exempt from property taxes for a perof seven years from August 27, 1954, as provided in the Act of August 27, 1954 (68
Stat. 858), as amended August 2, 1956 (70 Stat. 936), unless the original grantes
herein parts with title thereto, either by deed, descent, succession, foreclosure
of mortgage, sheriff's sale or other conveyance: Provided, that the mortgaging,
hypothecation, granting of a right-of-way, or other similar encumbrance of said
property shall not be construed as a conveyance subjecting said property to
taxation under the provisions of said Act.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat., 476), has, in the name of the United States, caused these letters to its made Patent, and the Seal of the Bureau to be hereunth

made Parent, and the made Parent affixed.

Given under my hand, in the District of Columbia, to ELEVENTH day of APRIL in the year our Lord one thousand nine hundred and SIXTY and of the Independence of the United States the one hundred and EIGHT FOURTH.

the Director, Bureau of Land Manage

1207435 Patent Number.

84961 3731-60 B. I. A. 435 D&W

The United States of America,

To all to whom these presents shall come, Greeting:

WHEREAS, an Order of the authorized officer of the Bureau of Indian Affairs is now deposited in the Bureau of Land Management, directing that according to the provisions of the Act of August 27, 1954 (68 Stat. 868), a fee simple patent issue to Lula Harris Murdock, for all minerals and mineral rights, in and to the following described land:

> Vinta Meridian, Utah. T. 2 5., R. 1 E., Sec. 2, EtELSELSEL.

The area described contains 10.00 acres, according to the Official Plat of the Survey of the said Land, on file in the Bureau of Land Management:

NOW KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT unto the said Lula Harris Murdock and to her heirs all minerals, and mineral rights, in and to the Land above described; TO HAVE AND TO HOLD the said minerals, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said Lula Harris Murdock, and to her heirs and assigns forever.

The property herein described shall be exempt from property taxes for a period of seven years from August 27, 1954, as provided in the Act of August 27, 1954 (68 Stat. 868), as amended August 2, 1956 (70 Stat. 936), unless the original grantee herein parts with title thereto, either by deed, descent, succession, foreclosure of mortgage, sheriff's sale or other conveyance: Provided, that the mortgaging, hypothecation, granting of a right of way, or other similar encumbrance of said property shall not be construed as a conveyance subjecting said property to taxation under the provisions of said Act.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Burcau of Land Management, in accordance with the provisions of the Act of June 17, 1948 (62 Stat., 476), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto

GIVEN under my hand, in the District of Columbia, the ELEVENTH day of APRIL in the year of our Lord one thousand nine hundred and SIXTY and of the Independence of the United States the one hundred EIGHTY-FOURTH.

For the Director, Bureau of Land Management,

By Ruth W. Talley Chief, Patenta Soft

Patent Number ... 1207436

To 123 339 Recorded at request of Lectural Lange of Proposition Para 8. 5. Colors County Broader Court Action County Broader Court Action Court Marie County Broader

George C. Horris
Attorney for Petitioner
914 Kearns Building
Salt Lake City, Utah 84101
Phone: 328-2511

IN THE DISTRICT COURT OF UNITAH COUNTY

STATE OF UTAH

IN THE MATTER OF THE ESTATE : ORDER AND DECREE

OF : OF DISTRIBUTION

LULA HARRIS MURDOCK, : AND DISCHARGE

Deceased. : Probate No. 1844

The Petition of Grendolyn Mojedo, the duly appointed and acting Administratrix of the Estate of Lula Harris Hurdock, deceased, setting forth the First and Final Accounting in said Estate and for Distribution and Discharge, having been duly called up for hearing before the above entitled Court, and the Accounting having been duly audited, Notice to Creditors having been duly published as required by law and the obligations of the Estate having been paid and settled and the Court having determined that there are no inheritance taxes payable, and that the Estate is now in a condition to be distributed and closed; Now, therefore, it is hereby

ORDERED, ADJUDGED, AND DECREED

- That the First and Final Accounting on file herein is hereby approved and allowed.
- That there are no inheritance taxes due or payable by said Estate.
- 3. That due Notice to Creditors has been made as provided by law. as shown by the proof on file in this matter.
- 4. That to the following named eleven heirs, all of whom are adults, the net assets of the Estate are hereby awarded and distributed as follows: Glen Mac Murdock, Colin Murdock, Gwendolyn M. Mojado, Benny Murdock, Gary Murdock, Ronald Murdock, Hary H. Lira, Brenda C. Murdock, Stuart Murdock, Karnel Murdock, and Shirley M. Reed. The above eleven heirs are entitled to an undivided 1/99 interest in the following described property:

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"The SE k of the SH k of Sec. 23; Sec. 26; and the SE k of the NE k and the E k of the SE k of Sec. 27; the E k of the NE k of Sec. 34; Sec. 35 all in TIN R7H U.S.M., containing 1,520 acres, Duchesne County, Utah."

M. Asig

Also, to each of the said eleven heirs a 1/11 undivided interest in the following described property:

"N's of Lot 2, Sec. 23, T 2 5, R 1 E of U.S.M., 0.50 acres, more or less."

Also, to each of the said eleven hairs an undivided 1/11 interest in the following described property:

"MESERSEL MESERSEL Sec. 2,7 2 5., R] E of U.S.H. 30 acres."

Also, to each of the said eleven heirs one and 2/33 shares of Ute Distribution Corporation stock. Also, to each of the said eleven heirs 1/66 share of stock in the Red Rock Corporation. Also, to each of the said eleven heirs, the following amount in cash: $\$_{197.72}$

- 5. All other assets of the Estate, not specifically distributed above, together with all after-discovered property of any kind, are hereby awarded and distributed in equal shares to each of the eleven heirs named in a preceding paragraph.
- 6. That the Accounting set forth in this matter is accurate, fair, and reasonable, including the requested fees for services rendered, and the Accounting and fees are hereby approved and allowed. That upon distribution of the Estate as herein awarded Administratrix shall be discharged and released from further duties of her trust in this matter, and the Estate closed.

Dated this _____ day of ________ 1970.

BY THE COURT

D. ALLEN D. SOBERINEY